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Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
[MX]

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

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SUGAR LAW APPROVED BY THE LOWER CHAMBER

The Law on Sustainable Development of Sugar Cane most commonly referred to as the new "Sugar Law" was approved by the Lower Chamber by a count of 312 votes in favor, and 136 votes against. This Law, if published in the Diario Oficial (Federal Register) will cancel the Presidential decree of January 2005, which sought to have the pertinent parties of the sugar agroindustry establish a National Sugarcane Committee under the Law of Rural Sustainable Development in order to propose new regulations. The Congress expects that this new law will provide the sugar sector more profitability, productivity and competitiveness, and will establish programs to help develop the agroindustry. If President Fox approves the Law, it should be published soon in the Diario Oficial, however, some expect this Law might be vetoed, and returned to the Lower Chamber for changes. (Source: Reforma, Financiero 06/22/05)

LAWMAKER: MEXICO SHOULD NEGOTIATE A COMMON FUND FOR AGRICULTURE

According to the President of the Agriculture Committee of the Mexican Lower House of Congress, Cruz Lopez-Aguilar, when dealing with rural and agriculture matters under the recently announced North American Security and Prosperity Partnership (SPP), Vicente Fox's government should negotiate with its counterparts the creation of a common fund to finance investments and basic infrastructure for the poor communities in the Mexican countryside. Lopez-Aguilar also stated that more and more open trade competition in North America produces strong pressure on Mexico's rural area and the SPP should implement mechanisms that help balance it. (Source: El Financiero; 06/21/2005)

PRIVATE SECTOR SEES CAFTA RISKS FOR MEXICAN TEXTILES

The Private Sector Center of Economic Studies has warned the Mexican textile industry that the imminent approval of the free trade agreement between the Central America countries and the U.S. (CAFTA) signed last May 28, 2005 could cause a large decrease in Mexico's textile exports to the United States. In its Strategic Analysis, the Center stated that Mexico's market share in the U.S. textile imports has already been diminishing and it expects that further erosion in market share would occur if the CAFTA is approved. The Center indicated that the Mexican textile sector would be able to defend and expand its export market only by manufacturing articles of better quality at good prices. (Source: El Universal; 06/20/2005)

EX-ENVIRONMENT SECRETARY IN FAVOR OF TRANSGENIC FOOD

Prior to resigning from his position to run for the Presidency of Mexico, then Secretary of Environment and Natural Resources, Alberto Cardenas Jimenez, stated that in four years Mexico could be cultivating transgenic crops. In addition, he indicated that at some time in the future the current moratorium on transgenic corn cultivation in Mexico, established in 1998, should be eliminated, as Mexico requires increases in corn productivity the technology could provide. In a press conference on the subject, Cardenas gave his approval of the Corn and Biodiversity report drafted by 16 scientists from United States, Mexico and Canada stating that the report recommendations are acceptable, but he also added that they "are not the Bible, nor the ten commandments." (Source: La Jornada; 15/06/2005)

CONCERN OVER THE DRYNESS PERIOD ON CORN PRODUCTION

According to a local newspaper, the corn spring/summer crop cycle is facing a serious risk of lower yields and overall production due to the high temperatures and the longer than normal cyclical period without rainfall (referred to as "Estiaje"). According to Carlos Salazar, General Secretary of the National Confederation of Corn Growers, in some areas of central Mexico, such as Tlaxcala, State of Mexico, and Puebla, some growers are already noticing some damage to the corn crop due to dryness. The Agriculture Secretary, Javier Usabiaga, has also recognized the seriousness of the situation. He stated that the prolongation of the annual "Estiaje" period, which typically starts by October or November and lasts until May, has delayed the planting season and if that continues it only increases the risks that later frosts could adversely impact yields. It should be noted, however, that at this time the Agriculture Ministry (SAGARPA) is maintaining its corn production estimate for the 2005 spring/summer crop cycle. (Source: El Financiero; 06/16/2005)

MEXICAN GRAPEFRUIT ALMOST READY TO BE EXPORTED TO JAPAN

The Mexican National Citrus Committee is negotiating with Japan the entry of 2,000 tons of grapefruit that would arrive to the Japanese market by the end of July. The agriculture authorities from Mexico and Japan are working on the phytosanitary issues for citrus products so that export can begin in the next few months. Mexican producers want to take advantage of the Mexican growing cycle, which begins harvesting in July, compared to the U.S. harvest that begins by October. The Japanese trade representative confirmed their interest in increasing citrus imports. (Source: Reforma 06/23/05)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

MX5051	Mexico Concludes Safeguard Investigation on Plywood	06/08/05
MX5050	Mexico's Maximum Residue Limit (MRL) Policy	06/02/05
MX5049	Weekly Highlights and Hot Bites, Issue #18	05/31/05
MX5048	Dumping Duty for Apples Eliminated, New Antidumping Investigation for NFE	05/31/05
MX5047	Cotton Annual Report	05/24/05
MX5046	Coffee Annual Report	05/19/05

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